

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

ICON TRADING, INC., CYRUS INDUSTRIES, INC.,
RAECE B. RICHARDSON, PAUL DOMBO, FIRST
AMERICAP, CORP., d/b/a US CAPITAL, STEPHEN
H. THOMAS, ROBERT D. WILLIAMS, JOSEPH
ISAAC, PATTI ROWE, BARRINGTON NUGENT,
and JAIME FLORES,

Respondents.

SDO - 96 - 00

CONSENT ORDER TO CEASE AND
DESIST AND VACATING SUMMARY
ORDER SDO 75 - 00 AS TO
RESPONDENTS FIRST AMERICAP,
CORP., d/b/a US CAPITAL, STEPHEN H.
THOMAS, and ROBERT D. WILLIAMS

Case No. 99 - 09 - 273

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions, State of Washington, and Respondents First Americap, Corp., d/b/a US Capital, Stephen H. Thomas, and Robert D. Williams do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents wish to obtain final disposition of this matter without invoking any rights to a hearing before the Securities Division.

FINDINGS OF FACT

I. Respondents

1. First Americap, Corp. (Americap) is an active for-profit Texas corporation with its principal place of business at 3852 South Dairy Ashford, Houston, Texas. Americap does business as US Capital. Americap is a consulting and marketing company providing clients with assistance in capital formation and investor relations. Americap was incorporated on July 22, 1999.

2. Stephen Harrison Thomas (Thomas) is the original incorporator, Director, and Registered Agent for Americap. Thomas resides at 3931 Tanglewilde, Houston, Texas.

3. Robert D. Williams (Williams) is a Director for Americap. Williams resides at 15719 Pagehurst, Houston, Texas.

II. Icon's Guaranteed Securities

4. In late 1998, prior to its incorporation, Americap entered into an "Investor Relations Contract" with Icon Trading, Inc., (Icon). Icon, a sporting goods retailer and holding company, wanted to raise capital through a stock offering. Americap agreed to provide leads to prospective stock purchasers in exchange for a percentage of stock sales. Beginning in November 1998, salespeople at Americap started offering Washington investors subscription agreements to purchase shares of Icon stock at \$1.60 per share. Potential investors were identified through lists of known investors (called "mooch lists") and by making random calls to Washington citizens (called "cold calling"). In addition, Americap used direct mail to find potential investors, mailing a returnable post card (called a "drop card") to Washington citizens. The drop card offered free information about investing in penny stocks to anyone who filled out and returned the card. Potential investors who returned the card indicating their interest received a telephone call from salespeople at Americap giving a brief description of Icon and offering to send information about the investment opportunity in Icon stock. In the case of unsolicited calls, salespeople made calls to Washington citizens offering to send information about the investment opportunity in Icon stock.

5. Potential investors who expressed interest in the offer received a "corporate media kit" from Icon. A cover letter accompanying the information claimed that the kit would provide the potential investor "with the confidence you will need to make an intelligent and informed investment." The kit included descriptions of the various businesses owned and operated by Icon along with projections of future revenue.

1 Revenue increases of 113% and 68% were predicted for the year 2000 and 2001, respectively. However,
2 the basis for the projections was not provided. Furthermore, the "media kit" did not disclose any of the risks
3 associated with the investment, did not provide any financial disclosures, and failed to include material facts
4 necessary in order to make statements made in the kit not misleading.

5 6. Sometime after receiving the media kit potential investors received another telephone call
6 from Americap checking to see if the kit had been received. Callers represented that Icon was going public
7 on May 30, 1999, and that by investing before then investors would benefit from the planned public
8 offering. The offer was characterized as a pre-Initial Public Offering, or pre-IPO, opportunity. Americap
9 salespeople claimed that Icon was about to acquire a shell company that was already being traded on the
10 National Association of Securities Dealers Automatic Quotation system's over-the-counter bulletin board
11 (NASDAQ OTCBB). They claimed that Icon was guaranteeing the investment, and that if the company did
12 not go public investors could get their money back.

13 7. Americap salespeople said that Icon stock was selling for \$1.60 per share, but that once the
14 stock was listed the price would be at least \$2.50 a share. Some Washington investors were told that Icon
15 would have to stop selling for some period of time prior to the firm going public, and that potential investors
16 would have to invest quickly to avoid missing out on the pre-IPO opportunity. Potential investors who
17 agreed to invest received a Federal Express package from Icon. The package included a letter dated May
18 22, 1999 from Icon addressed to "Future Client." The letter promised that Icon would be "fully trading on
19 the NASDAQ OTCBB no later than May 30th, 1999," and that if the stock were not trading at \$2.50 per
20 share on May 30th, investors would be entitled to a full refund within 10 days. Also enclosed was a
21 "Purchase Confirmation" detailing the commitment to purchase shares and requesting that the investor remit
22 the funds within 72 hours. A Federal Express airbill with Icon's name, address, and FedEx account number
23 already filled in was also included.
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8. After investing in Icon investors received a "Receipt of Funds" letter confirming the purchase and promising delivery of a share certificate. Included with the letter was a "Certificate of Investment" indicating that investors were entitled to receive shares in Icon Trading prior to a merger with a publicly traded company. No shares of Icon stock were ever delivered to investors. Icon's attempt to go public through a reverse merger failed, and Icon was not trading on the NASDAQ OTCBB on May 30th, 1999. Investors who requested refunds pursuant to the guarantee have not been paid.

III. Icon's Non-Guaranteed Securities

9. After the May 30, 1999 deadline to go public passed without the Icon stock being listed, the solicitations from Americap continued. Americap salespeople provided potential investors with different dates that Icon was allegedly going public, including January 1, 2000 and March 31, 2000. Investors who purchased after the May 30, 1999 deadline did not receive the letter from Icon guaranteeing the investment.

10. Americap salespeople also promised these later investors that the stock would be listed at \$2.50 or more per share. Salespeople claimed the share price would increase rapidly once it was listed, and gave a range of increases from doubling to \$3.20 up to \$15 a share. As the promised dates passed without Icon stock being listed, investors who complained to Americap were told that Icon was making progress on its IPO and that stock certificates would be issued shortly.

IV. Americap's Representation Concerning Cyrus

11. On June 1, 2000, Icon mailed a letter to all Washington shareholders announcing that on May 20, 2000, Cyrus Industries, Inc. (Cyrus), a Nevada corporation, had purchased Icon's primary assets. Cyrus was described as a "publicly traded company currently trading on the NASDAQ pink sheets." While stocks listed on the pink sheets are publicly traded, the trades are not done through NASDAQ. The letter claimed

1 that Cyrus would notify the SEC that they desired to be a reporting company moved to the NASDAQ
2 OTCBB, and that certain information would be filed with the SEC within two weeks.

3 12. The June 1, 2000 letter offered Icon investors/Cyrus shareholders the option of either
4 accepting the shares in Cyrus or requesting a refund from Icon. Investors who elected to request a refund
5 were instructed to return their Cyrus shares, along with a written request for a refund, by June 21, 2000.
6 The shares and request were to be sent to Lawrence R. Young, Esq. "Agent for Icon Trading Shareholders."
7 Mr. Young was then to place investors names on a "refund list," and they would be notified concerning the
8 date the refund would be made. Investors who have requested refunds have not been paid.

9 13. The offering did not disclose the risks associated with the investment opportunity in Cyrus,
10 failed to disclose the risks associated with the refund opportunity from Icon, and failed to provide any
11 financial disclosures.

12 14. After the June 1, 2000, letter was mailed, salespeople from Americap began calling
13 Washington investors on behalf of both Icon and Cyrus. The callers discouraged investors from requesting
14 refunds from Icon. In addition, Americap salespeople encouraged investors to keep their shares of Cyrus,
15 promising that Cyrus would be trading on the NASDAQ OTCBB within two weeks and that the price of the
16 Cyrus shares would be \$3.00.

17 15. None of the Respondents have ever been or are currently registered to offer or sell securities
18 in the state of Washington.
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Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

Offer and Sale of Securities

The offer and/or sale of Icon stock by Respondents constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

Violation of RCW 21.20.140

The offer and/or sale of securities by Respondents violated RCW 21.20.140 because the securities were not registered in Washington.

Violation of RCW 21.20.010

The offers and/or sales of securities by Respondents violated RCW 21.20.010 because Respondents misrepresented facts and omitted facts necessary in order to make their statements, in light of the circumstances in which they were made, not misleading.

Violation of RCW 21.20.040

The offer and/or sale of securities by Respondent Americap violated RCW 21.20.040 because First Americap, Inc. was not registered as a securities broker-dealer in Washington. The offer and/or sale of securities by Thomas and Williams violated RCW 21.20.040 because neither was registered as securities salespersons in Washington.

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CONSENT ORDER

The Securities Division and Respondents First Americap, Corp., d/b/a US Capital, Stephen H. Thomas, and Robert D. Williams have agreed upon a basis for the resolution of the matters alleged above. Respondents agree to the entry of this Order pursuant to the Securities Act of Washington and acknowledge the Securities Division's jurisdiction over this matter and its authority to enter this order.

Based on the foregoing, NOW, THEREFORE, IT IS AGREED AND ORDERED that Respondents, their agents and employees shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the registration section of the Securities Act of Washington.

It is further AGREED AND ORDERED that Respondents, their agents, and employees shall each cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

It is further AGREED AND ORDERED that Respondents, their agents, and employees shall each cease and desist from violation of RCW 21.20.040, the broker/dealer and salesperson registration section of the Securities Act.

It is further AGREED AND ORDERED that Respondents, their agents, and employees will not offer or sell securities in Washington State for a period of five years from the date of this order without the prior express written permission of the Washington Securities Administrator.

It is further AGREED that Respondents shall be jointly and severally liable for and shall pay the Securities Division the amount of Three Thousand Dollars (\$3,000.00) for reimbursement of its costs of the investigation into this matter. Said payment is to be made to the Division within ninety (90) days of the entry of this Order.

It is further AGREED that in consideration of the foregoing, Respondents each waive their right to a

1 hearing on this matter.

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3 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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5 SIGNED this _____ day of _____, 2001.

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7 Signed by:

8 _____
9 Stephen H. Thomas, individually, and as
10 President and Director of First Americap, Corp.,
11 d/b/a US Capital.

Richard W. Markle, Esq.
Attorney for Respondents First Americap,
Corp., d/b/a US Capital, Stephen H. Thomas,
and Robert D. Williams.

11 _____
12 Robert D. Williams, individually, and as
13 Vice President and Director of First Americap, Corp.,
14 d/b/a US Capital.

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16 ENTERED this 22nd day of March, 2001.

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18 DEBORAH R. BORTNER
19 Securities Administrator

20 Approved by:

Presented by:

21 _____
22 Michael E. Stevenson
23 Chief of Enforcement

Anthony W. Carter
Securities Examiner

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26 CONSENT ORDER